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GOLDRAY MINES LIMITED

Annual Report

©

For the Year Ended April 30, 1972

GOLDRAY MINES LIMITED

CAPITALIZATION

	Authorized	Issued
Common Shares	5,000,000	3,009,931

OFFICERS AND DIRECTORS

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DIRECTORS

K. B. ANDRAS.....	Toronto, Ontario
MURRAY AXMITH.....	Toronto, Ontario
W. NOEL O'BRIEN.....	Toronto, Ontario
WALTER R. PACKMAN.....	Port Credit, Ontario
B. E. WILLOUGHBY.....	Toronto, Ontario

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OFFICERS

MURRAY AXMITH.....	President
K. B. ANDRAS.....	Vice-President
WALTER R. PACKMAN.....	Secretary-Treasurer

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TRANSFER AGENTS

Guaranty Trust Company of Canada

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EXECUTIVE OFFICES

Suite 202, 220 Bay St., Toronto

GOLDRAY MINES LIMITED

Directors' Report

TO THE SHAREHOLDERS:

Enclosed herewith you will find Notice of Annual Meeting which is to be held in the Nova Scotia Room, Royal York Hotel, 100 Front Street West, Toronto, Ontario on September 15th, 1972 at 10:30 A.M. The Financial Statements for the year ended April 30, 1972 are enclosed with an Information Circular and a form of Instrument of Proxy.

COLUMBIUM DEPOSIT — JAMES BAY LOWLANDS

The market potential for Columbium is being reviewed from time to time to determine whether current economic conditions warrant bringing this deposit into production.

NORTHERN SASKATCHEWAN AND MANITOBA

Project Sam

Several anomalies were tested by diamond drilling during the past winter with inconclusive results. No further work is planned at the present.

STURGEON LAKE AREA — ONTARIO

A 16 hole drill program was completed by Denison Mines Limited on the properties held jointly by Trinity Chibougamau, Mid-Patapedia Mines, Canadian Malartic Gold Mines and your Company.

Acid volcanic rock was intersected in all holes and the conductors were caused by barren sulphides in most cases. One 5 foot intersection ran .47% copper.

Since the area contains favourable acid volcanics and some base metal mineralization a compilation of all available data has been recommended which might suggest target areas that have not been explored to date.

COBALT AREA — ONTARIO

Goldray Mines in association with Falconbridge Nickel Mines, Falconbridge Copper Mines and Nickel Rim Mines have entered into an agreement with R. I. Benner and Aggressive Mining to explore 64 claims in the Cobalt Area.

The initial program requires a total commitment of \$60,000.00 by the developers and your Company will have the right to earn up to a 20% interest through further participations.

Exploration has commenced and consists of ground geophysics and mapping to be followed by diamond drilling where warranted.

Your Company is financed so that it can continue its policy to examine and undertake ventures of merit on its own and in association with other companies.

On behalf of the Board of Directors,

MURRAY AXMITH,
President.

August 21, 1972.

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Balance Sheet as

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ASSETS

CURRENT ASSETS

	1972	1971
Cash	\$ 5,479	\$ 2,241
Deposit receipts and short-term notes	180,000	—
Government bonds at cost (market value 1972 — \$95,653; 1971 — \$229,600)	104,464	233,151
Sundry receivables	30,195	5,238
Bonds lodged with provinces (face value \$87,000)	—	84,621
	<u>320,138</u>	<u>325,251</u>

INVESTMENT IN OTHER COMPANIES

Listed shares at cost (market value 1972 — \$131,571; 1971 — \$127,000)	137,988	122,653
Unlisted shares (nominal value)	1	1
Investment in shares of other mining companies (nominal value)	40	40
Investment in shares of Interprovincial Helicopters Limited (at cost)	20,000	20,000
	<u>158,029</u>	<u>142,694</u>
HEAD OFFICE, FURNITURE AND FIXTURES (at cost)	1,643	1,643

MINING PROPERTIES

Acquired for \$19,147 cash (1971 — \$20,001) and 626,623 shares of capital stock	476,857	478,525
EXPLORATION AND DEVELOPMENT INCLUDING HEAD OFFICE AND ADMINISTRATIVE EXPENSES (per attached statement)	824,602	916,154
INCORPORATION AND ORGANIZATION (at cost)	3,785	3,785
	<u>\$1,785,054</u>	<u>\$1,868,052</u>

To be read in conjunction with the Auditors' Report

AUDITORS' REPORT

We have examined the balance sheet of Goldray Mines Limited as at April 30, 1972, and the accompanying statements of profit and loss and changes in head office and administrative expenses and source and application of funds for the year then ended, and our opinion thereon is set forth below. We have also examined the procedures and such tests of accounting records and other supporting evidence as were necessary for the purpose.

In our opinion, these financial statements present fairly the financial position and application of its funds for the year then ended, in accordance with generally accepted accounting principles.

Toronto, Ontario,
August 8, 1972.

ONES LIMITED

(of the Province of Ontario)

April 30, 1972

(figures for 1971)

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

	1972	1971
Accounts payable and accrued liabilities	\$ 8,210	\$ 10,366
Employees' deductions payable	—	86
Due to shareholders re 1942 distribution on realization of capital assets	10,120	10,120
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	18,330	20,572

SHAREHOLDERS' EQUITY

CAPITAL

AUTHORIZED (Note 1)

5,000,000 shares of no par value

ISSUED AND FULLY PAID

3,009,931 shares	3,009,931	3,009,931
Less: Discount	901,204	901,204
	<hr/>	<hr/>
	2,108,727	2,108,727
DEFICIT ACCOUNT (per attached statement)	(342,003)	(261,247)
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	1,766,724	1,847,480

Approved on behalf of the Board of Directors:

M. AXMITH, Director.

W. R. PACKMAN, Director.

The accompanying notes form an integral part of these financial statements.

\$1,785,054 \$1,868,052

Shareholders attached hereto dated August 8, 1972.

THE SHAREHOLDERS

1972 and the statements of deficit account, exploration and development including year then ended. Our examination included a general review of the accounting considered necessary in the circumstances.

the company as at April 30, 1972, and the results of its operations and the source accepted accounting principles applied on a basis consistent with that of the preceding

STARKMAN, KRAFT, ROTHMAN, BERGER & GRILL,
Chartered Accountants.

GOLDRAY MINES LIMITED

STATEMENT OF DEFICIT ACCOUNT

For the Year Ended April 30, 1972

(With comparative figures for 1971)

	1972	1971
DEFICIT — May 1	\$ 261,247	\$ 194,148
ADD: Mining properties abandoned — written off	2,071	24,247
Exploration and development expenses written off or applicable to properties abandoned	110,280	42,644
Loss (profit) on sale of investments	(31,595)	208
DEFICIT — April 30	\$ 342,003	\$ 261,247

The accompanying notes form an integral part of these financial statements.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Year Ended April 30, 1972

(With comparative figures for 1971)

SOURCE OF FUNDS	1972	1971
Sale of listed shares	\$ 98,803	\$ 2,552
Gain on sale of bonds	2,497	—
Sale of investment in shares of other mining companies	—	687
	<u>101,300</u>	<u>3,239</u>
APPLICATION OF FUNDS		
Acquisition of mining properties	403	2,815
Purchases of listed shares	85,040	—
Exploration and development, including head office and administrative expenses	18,728	106,965
Loss on sale or redemption of bonds	—	98
	<u>104,171</u>	<u>109,878</u>
DECREASE IN WORKING CAPITAL	(2,871)	(106,639)
WORKING CAPITAL — May 1	304,679	411,318
WORKING CAPITAL — April 30	\$ 301,808	\$ 304,679

The accompanying notes form an integral part of these financial statements.

GOLDRAY MINES LIMITED

STATEMENT OF EXPLORATION AND DEVELOPMENT INCLUDING HEAD OFFICE AND ADMINISTRATIVE EXPENSES

For the Year Ended April 30, 1972

(With comparative figures for 1971)

EXPLORATION AND DEVELOPMENT

PROVINCE OF ONTARIO

	1972	1971
Sturgeon Lake Syndicate — airborne survey and diamond drilling	\$ 342	\$ 19,475
Wisener Lake Area — diamond drilling and electromagnetic survey	—	9,318
James Bay Lowlands Project expenditures	1,172	3,797
Taxes and licenses	1,180	1,236
Wages	300	300
Blind River Area	—	248
Insurance	200	200
PROJECT SASKATCHEWAN — MANITOBA		
Diamond drilling and general explorations	6,587	38,561
VIRGIN RIVER PROJECT		
Airborne electromagnetic and radiometric survey	256	24,155
PROJECT PINEHOUSE		
Diamond drilling	—	7,644
EAST MAIN PROJECT		
Cartographic survey and field expenses	—	5,872
OUTSIDE GENERAL EXPLORATIONS	66	—
	<u>10,103</u>	<u>110,806</u>
LESS: Rentals received	562	1,062
	<u>9,541</u>	<u>109,744</u>

HEAD OFFICE AND ADMINISTRATIVE

Administrative salary — director	8,000	8,000
Legal and audit	3,585	3,684
Office salaries	4,875	3,242
Office rent	2,340	2,140
Transfer agent's fees and expenses	1,322	1,925
Office supplies and expenses	3,284	1,919
Printing and shareholders' information	2,184	1,548
Taxes and filing fees	1,410	1,164
Travelling expenses	1,226	921
Telephone and telegraph	902	917
Directors' fees	650	800
Canada pension plan and unemployment insurance expense	277	106
Interest and bank charges	58	21
	<u>30,113</u>	<u>26,387</u>
LESS: Interest income	15,061	23,135
Dividend income	5,865	5,527
Miscellaneous income	—	504
	<u>20,926</u>	<u>29,166</u>
	<u>9,187</u>	<u>(2,779)</u>

TOTAL EXPENSES FOR YEAR

EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENSES — May 1	916,154	851,833
	934,882	958,798
EXPLORATION AND DEVELOPMENT EXPENSES WRITTEN OFF TO DEFICIT	110,280	(42,644)
EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENSES — April 30	<u>\$ 824,602</u>	<u>\$ 916,154</u>

The accompanying notes form an integral part of these financial statements.

GOLDRAY MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

April 30, 1972

1. CAPITALIZATION

Pursuant to amended articles of incorporation issued September 17, 1971 the company's authorized capital was changed from 5,000,000 shares of \$1 par value to 5,000,000 shares without par value.

2. CONTINGENT LIABILITY

The company owns a 25% interest in Interprovincial Helicopters Limited and has given a guarantee with respect to 25% of a \$120,000 line of credit extended to that company by its bankers.

